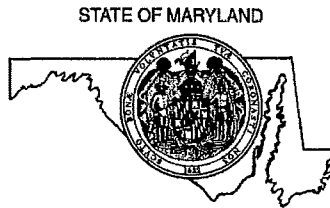


Robert E. Moffit, Ph.D.  
CHAIRMAN



Ben Steffen  
EXECUTIVE DIRECTOR

## MARYLAND HEALTH CARE COMMISSION

4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215  
TELEPHONE: 410-764-3460 FAX: 410-358-1236

June 26, 2018

### VIA Email & U.S. MAIL

Mark Gold, President  
Amatus Health  
1825 Woodlawn Drive  
Baltimore, MD 21207

**Re: Baltimore Detox Center  
Matter No. 18-03-2419**

Dear Mr. Gold:

Commission staff has reviewed the application from the Baltimore Detox Center (“BDC” or “the Applicant”) for Certificate of Need (“CON”) approval to establish a 24-bed Track One Level III.7 medically monitored intensive inpatient treatment program in Woodlawn, Baltimore County. The total project cost is estimated to be \$502,250. Staff found the application incomplete, and, accordingly, requests that you provide responses to the following questions:

### **PART I – PROJECT IDENTIFICATION AND GENERAL INFORMATION**

1. Regarding *Legal Structure*, please respond to the following:

- a. Clarify whether the applicant is a for-profit corporation as indicated in #5 on p. 4, or a limited liability company (“LLC”) as stated in #1 on p. 2.
- b. In either case, provide an organizational chart showing the ownership structure for either the LLC or the for-profit corporation of Baltimore Detox Center, and show who will have ownership of BDC, and how the six substance abuse facilities listed on Item #2, p. 12 are linked organizationally with the proposed Baltimore Detox Center. Are any of these six facilities currently licensed to operate as either a Level III.7 medically monitored intensive inpatient treatment or detoxification program?

- c. Provide a brief history for each of BDC's four owners in providing outpatient and Level III.7 medically monitored intensive inpatient treatment and/or detoxification treatment programs either in Maryland or out-of-state.
  - d. Explain the relationship of Mark Gold and Amatus Health to the applicant's ownership structure. Who will receive the CON approval as well as own the license and operate the proposed Baltimore Detox Center?
2. Regarding Foundations Recovery Center ("FRC"), please respond to the following:
  - a. Provide the status of FRC currently, since you indicate the facility was poised to open on April 15, 2018 and you have not provided any evidence it is operational at present.
  - b. Identify the type of program and services licensed by the Maryland Department of Health's Behavioral Health Administration for FRC.
3. As indicated on p. 40, please discuss:
  - a. What level of service will be provided by a Level III.7WM?
  - b. Will the 24 beds also provide Level III.7-Detox level of care to patients and will the applicant seek such an ASAM-level designation?
4. Regarding Site Control, please provide a copy of the lease signed by both Baltimore Detox Center, LLC and Woodlawn Holdings, LLC, and a brief description of the terms for the lease, such as length of agreement, interest rate, monthly payments, and other terms. Is there either a direct or indirect relationship between these two LLCs?
5. Please clarify whether the applicant seeks to establish a 24 or 25 ICF beds for the proposed facility. The application contains inconsistencies regarding that (i.e., between what is stated in your project description and in Attachment 2, Table A).
6. Regarding the Project Description on p. 7, please go into further detail as to how BDC will operate "one larger patient room that has the physical capacity to accommodate three beds" and explain how "the third bed in that larger room will only be made available for occupancy in case of emergency circumstances." Whether the third bed is used full- or part-time, the applicant should revise the CON application to establish a 25 ICF bed facility instead of 24 beds?
7. As indicated on pp. 7-8, please discuss what type of businesses will occupy "the three unrelated suites" that will share the building with BDC at 1825 Woodlawn Drive in Baltimore, MD. Will BDC be a closed and secure unit and have a separate entrance from the three unrelated suites? What types of designs or security will the applicant have in place to ensure that the patients and staff at BDC do not operate in conflict or encounter issues with the operations at these three unrelated suites?

8. Regarding the Project Description, please provide a response as instructed by the CON application form that addresses the following:
  - a. Provide the rationale for the establishment of Baltimore Detox Center as a Track One private pay substance abuse treatment facility at 1825 Woodlawn Drive in Baltimore, MD.
  - b. Provide a brief description of the level of care and services that will be provided by BDC's proposed Level III.7 detox and medically monitored intensive inpatient treatment program with a projected combined ALOS of 28 days per patient.
  - c. Provide a brief description as to the prior use of the two-story commercial building and the \$110,000 in renovations to establish the proposed 24 bed substance abuse facility.
  - d. Provide a projected timeline as to when the applicant will begin and finish renovations for the facility as well as the start of First Use.
9. Please provide evidence that the existing building at 1825 Woodlawn Drive has the necessary state and local land use and environmental approvals to operate as a Level III.7 Medically-Monitored Intensive Inpatient Treatment and Detox facility.
10. Regarding the Project Drawings, please respond to the following:
  - a. Show where the Foundation Recovery Center and its outpatient treatment program will be located within this building.
  - b. Provide the specific dimensions and square footage for each of the eleven two-bed and the single three-bed patient room.
  - c. The line drawings indicate that the proposed second floor will have only (1) three showers, (2) four toilets, and (3) one area designated for staff to accommodate both the 24 patients and staff. Will the proposed substance abuse program have sufficient bathrooms and showers available to meet such patient issues with regard to gender, patient age, sexuality, communicable or infectious diseases, isolation, etc.?
  - d. Please discuss why the layout for the second floor does not provide for either a nurse station (as indicated on Attachment 2, Table B-Project Budget) or a common room or space for patients?
  - e. Will the physical layout of BDC allow staff to monitor and observe all patients on both the first and second floor of this substance abuse program? Where will medical supplies be stored?
  - f. Provide the location for the detox rooms on the line drawings.

## **PART II – PROJECT BUDGET**

11. Please respond to the following:

- a. Please cite the source for the \$502,250 in cash that will fund the renovations and costs for establishing this project.
- b. Provide the assumptions and basis for the \$25,000 in Contingency Allowance.
- c. Please explain the level of the CON Application Cost (i.e., *Legal Fees* and *Other Fees* totaling \$75,000). This is approximately 15% of the Total Project Cost, and considerably more than MHCC typically sees for this line item.
- d. Please explain what the \$225,000 in Working Capital Start-up Costs is expected to cover.
- e. On p. 7, the applicant states “a kitchen is not necessary as all meals will be prepared off-site by a caterer and delivered to the site at meal time.” The Revenue and Expense statement indicates BDC will budget only 3 meals a day at \$6.50 per meal and approximately \$2,000 per month snacks. Will the applicant employ a dietitian or nutritionist who will consult and provide expertise in helping to plan meals for these patients during detox and subsequent substance abuse treatment?
- f. Does the applicant already have an agreement negotiated with a caterer, and if so, please provide a copy of the contract with the details on what services this contractor will provide?
- g. Are the costs of the caterer, a dietitian or nutritionist, or any therapist (i.e., physical, occupational, recreational/art, etc.,) included with the Project Budget and in Table E, Workforce Information. If not, why.

**PART III – APPLICANT HISTORY, STATEMENT OF RESPONSIBILITY,  
AUTHORIZATION AND RELEASE OF INFORMATION, AND SIGNATURE**

12. Please clarify whether Yitchok Gold identified on p. 2 is the same or a different person from Mark Gold identified on p. 12 under Item #1.
13. Regarding the signed declarations and affirmations, please explain the role of Nicholas Albaugh in BDC, i.e., is he an owner or officer?

**PART IV – CONSISTENCY WITH GENERAL REVIEW CRITERIA AT COMAR  
10.24.01.08G(3)**

**Identification of Intermediate Care Facility Alcohol and Drug Abuse Bed Need**

14. Please respond to the following:
  - a. List all assumptions made in the need analysis regarding demand for services, utilization rate(s), and the relevant population, and provide information supporting the validity of these assumptions.
  - b. Provide documentation to support your assumption that “in-migration of out-of-state residents (as stated on p. 30)” will support the need for the proposed project.
  - c. The source for BDC’s projected population of 18 years and older, Indigent Population – Central Maryland, and Non-Indigent Population.

### **Provision of Service to Indigent and Gray Area Patients**

15. The applicant states on p. 19 that while “BDC is committed to providing 15% of patient days to indigent or gray area patients,” the commitment is only equivalent to slightly more than 12.5% with 24 (3/24) occupied beds or 12% with 25 (3/25) beds, assuming 100% utilization for this program. While the applicant commits to submitting annual reports to the Commission following each fiscal year that document its commitment to providing 15% of patient days to indigent and gray area patients, staff would like a better understanding of how BDC will meet this financial criteria and obligation of providing 15% to indigent or gray area patients. Please provide specific details that demonstrate how BDC will comply with this standard.

### **Utilization Review and Control Programs**

16. Regarding Attachment 5, this document only mentions that staff “secure referrals to community agencies and resources for aftercare (as indicated in Item #7)” and “will conduct follow up calls” up to 365 days after a client’s discharge from the program (as indicated under Item #10). Please clarify whether this is the extent of the aftercare program that BDC will provide, and if not, then please revise Attachment 5 to show the extent of aftercare that BDC will provide to patients for at least one year after their discharge.

### **Transfer and Referral Agreements**

17. Please respond to the following:
- a. The three agreements in Attachment 6 are with either Evolve Life Centers located in Pasadena, Anne Arundel County or Hopes Horizon in Nottingham, eastern Baltimore County. Please document what efforts BDC has made to date either at outreach and entering into written transfer and referral agreements with or receiving acknowledgement from agencies or facilities who have capabilities for managing cases that “exceed, extend, or complement” the applicant’s capabilities in services such as inpatient, intensive and general outpatient programs, halfway house placement, long-term care, aftercare, and other types of appropriate follow-up treatment programs in and around Central Maryland.
  - b. Similarly, provide documentation of BDC’s transfer and referral agreements, in the form of letters of agreement or which show acknowledgement of intent to enter into an arrangement with each of the following types of facilities:
    - i. Acute care hospitals;
    - ii. Halfway houses, therapeutic communities, long-term care facilities, and local alcohol and drug abuse intensive and other outpatient programs;
    - iii. Local community mental health center or center(s);
    - iv. Baltimore County’s mental health and alcohol and drug abuse authorities;

- v. The Behavioral Health Administration and the Mental Hygiene Administration; and
  - vi. Baltimore County's agencies that provide prevention, education, driving-while-intoxicated programs, family counseling, and other services.
- c. Why does the applicant not have an arrangement with Northwest Hospital or Sinai Hospital, which are relatively close to Woodlawn in Baltimore County?

### **Sources of Referral**

18. The two Incoming Referral Agreements in Attachment 6 are with the "University of Baltimore Washington Medical Center," which is not an existing healthcare provider in Maryland. Please submit referral agreements that comply with this criteria regarding BDC's compliance that "15 percent of the facility's annual patient days....will be incurred by the indigent or gray area populations....," including days paid under a contract with the Behavioral Health Administration or a Baltimore County alcohol or drug abuse authority, or the Medical Assistance program.

### **In-Service Education**

19. BDC indicates on p. 25 that staff orientation will be training provided upon hire, with quarterly training every three months ..." whereas Attachment 7 on p. 59 indicates that there will be three types of training and development: basic orientation program for new employees; in-house instruction; and referral to outside trainings/education programs. Please clarify the response to this criteria.

### **Sub-Acute Detoxification**

20. Please respond to the following:
- a. Quote the language and provide citation showing where BDC's policies and procedures (Attachment 8) for the detoxification program address: treatment protocols, staffing standards, and physical plant configuration.
  - b. Does the ownership of BDC currently operate a licensed and certified detoxification program? If so, specify the level(s) of service it provides?

### **Voluntary Counseling, Testing, and Treatment Protocols for Human Immunodeficiency Virus (HIV)**

21. Attachment 9 addresses the treatment protocol for this criteria. Please discuss how BDC will address voluntary counseling and testing for infectious disease such as HIV.

### **Outpatient Alcohol & Drug Abuse programs**

22. Please respond to the following:

- a. Why Foundation Recovery Center or any of a number of outpatient alcohol & drug abuse programs currently operating in the Central Maryland region, are not considered an adequate alternative for addressing this criteria?
- b. What are BDC's assumptions that support the use of an outpatient alcohol & drug abuse program located in Gaithersburg, MD, for follow-up care and treatment after discharge from BDC in Baltimore County?
- c. The two referral agreements with "University of Baltimore Washington Medical Center" do not address requirements (1) through (4) of this criteria. Please provide written agreements that address these four requirements.

### **Program Reporting**

23. Should a data reporting system for management information be developed in the future, please indicate whether BDC would comply and be willing to participate in a comparable data collection program developed internally and as specified by the Behavioral Health Administration in order to "share valuable data with the state and to evaluate its own effectiveness."

### **Need**

24. The CON application instructs the applicant to provide a written description of BDC's expected service area, population size, characteristics/demographics of population served, and projected growth for the population and need for this service. Will this project address the need of special population groups, and if so, identify those underserved populations and describe how this proposed substance abuse treatment program will address their needs.

### **Availability of More Cost-Effective Alternatives**

25. Please respond to the following:
  - a. The CON application instructs the applicant to describe the planning process that was used to develop the proposed project, which includes a full explanation of how the objective of this project is "to provide an opportunity for those seeking recovery from substance abuse to safely and effectively detox on an inpatient basis, under medical supervision, in an affordable non-hospital setting."
  - b. Does the applicant contend that the existing Level III.7 detox and medically monitored intensive inpatient treatment programs in Central Maryland (which include Anne Arundel, Baltimore City, and Harford Counties) do not provide *affordable* services for patients seeking such services? Demonstrate that the program established at BDC will be more affordable to patients than receiving treatment at these existing providers.
  - c. Identify the three ICF facilities and the number of beds that operate in Central Maryland, as stated on p. 31. Did the applicant consider the number of ICF beds

operated in existing programs located in Baltimore City and Harford in analyzing the need for a new detox and substance abuse treatment program in Central Maryland?

- d. Demonstrate why the establishment of BDC's detox and substance abuse program is a more effective alternative than providing these services through existing facilities in Central Maryland.

### **Viability of the Proposal**

26. Please provide audited financial statements for the past two years for Baltimore Detox Center or its parent organization (LLC or corporation) to demonstrate the financial condition of this entity and the availability of equity for this project. If audited financial statements are not available, submit documentation of the financial condition of the entity from a letter signed by an independent Certified Public Accountant, which the applicant indicated in Attachment 11 will be provided under separate cover.

### **Impact on Existing Providers and the Health Care Delivery System**

27. Please respond to the following:
  - a. As instructed by the CON application, please provide a response to requirements (b) through (d) of this standard.
  - b. Identify the factors or basis for the assumption that utilization of the adult inpatient Track One ICF facilities in Central Maryland would remain unchanged as a result of BDC's proposed 24-bed facility. Provide the analysis that supports this conclusion.
  - c. Did the applicant take into account the ICF beds in Baltimore City and Harford Counties in performing this analysis, and if not, document the reasons and provide the rationale to support this decision.
  - d. Please state all of the sources for the referral of patients (Attachment 2, Table C indicates as many as 275 patients by CY 2020) to the proposed BDC facility.
  - e. Regarding your statements on p. 36, document the assumptions or provide evidence to support the statement that: (a) "the overall access to health care services for the Central Maryland population will improve;" and (b) that "the availability of the additional ICF beds at BDC will likely reduce the number of times a Maryland hospital's Emergency Department will need to "hold" an adult patient."
  - f. While staff believes that BDC's estimated construction costs are a short-term and not a long-term cost saving, does the applicant have any additional evidence to support the statement that its proposed project will provide a cost saving to the community?

### **Project Tables**

28. Regarding Tables A, C, and D for Physical Bed Capacity, Statistical Projections, and Revenue & Expense Statement, please revise these three tables by separating the



projected numbers for detox from the medically monitored intensive inpatient treatment program.

29. Please provide the projected per diem cost and charges separately for the detox and medically monitored intensive inpatient treatment program.

Please submit four copies of the responses to the additional information requested in this letter within ten working days of receipt. Also submit the response electronically, in both Word and PDF format, to Ruby Potter ([ruby.potter@maryland.gov](mailto:ruby.potter@maryland.gov)).

All information supplementing the application must be signed by person(s) available for cross-examination on the facts set forth in the supplementary information, who shall sign a statement as follows: "I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief."

Should you have any questions regarding this matter, feel free to contact me at either at [bill.chan@maryland.gov](mailto:bill.chan@maryland.gov) or by phone at (410) 764-3374.

Sincerely,



William D. Chan  
Program Manager

cc: Gregory Branch, M.D., Health Officer, Baltimore County Health Department  
Carolyn Jacobs, Esq., Jacobs & Dembert, P.A.